

April 23, 2013

John Doe, Controller
XYZ, Inc.
1234 Any Street, Suite #1000
Any Town, WA 98555-1000

RE: XYZ, Inc. Indirect Cost Rate Schedule
Audited Rate for Fiscal Year End December 31, 2012

Dear Mr. Doe:

We have completed our audit of your Indirect Cost Rate schedule for the above referenced fiscal year. We audited this schedule for compliance with 48 CFR Federal Acquisition Regulations (FARS). For the audit of this indirect cost rate schedule we judgmentally selected transactions for testing from several of the Indirect Cost Rate accounts. We applied adjustments to this indirect cost rate schedule for those costs not in compliance with FARS.

The Indirect cost rate audit is a part of WSDOT Audit Report No. 13-000 which also includes the interim audit for Agreement Y-12345. The audit is in process and will need to go through our office review process. Upon completion of the review process a draft audit report will be sent to XYZ, Inc. for review and comment.

The reviewed data included, but was not limited to; the schedule of the indirect cost rate, a description of the company, basis of accounting and description of XYZ, Inc. accounting system and the basis of indirect costs.

Based on our audit, we are issuing this letter of acceptance establishing XYZ, Inc. Indirect Cost Rate for the fiscal year ending December 31, 2012, at 159.84% of direct labor.

Also, when you provide next year's Indirect Cost Rate schedule to our office or to your CPA firm, please submit either your internally prepared *Compensation Analysis*, or the *National Compensation Matrix* (NCM) worksheet.

If you, or any representatives of XYZ, Inc., have any questions, please contact Martha Roach, Jeri Sivertson, or Steve McKerney at (360)705-7003.

Sincerely,

Martha S. Roach
Agreement Compliance Audit Manager

MR:ds
Enclosure

cc: Steve McKerney, Director of Internal Audit
Jeri Sivertson, Assistant Director of Internal Audit
Larry Schofield, MS 47323
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